

## REMARKS

Claims 1-42 are pending in the present application. The Examiner has rejected claims 1-42. In the present Response, Applicants have amended claims 2-3, 7-10, 12, and 22-42 to overcome the Examiner's rejections and/or objections and/or to correct obvious typographical errors. Support for the amendments can be found throughout the specification and claims as originally filed. No new matter enters by way of these amendments. With this Response, claims 1-42 are pending.

### *Minor Claim Objections*

#### Previous objections

In the previous office action, the Examiner objected to claims 2-10 and 17 because of alleged minor informalities. In the present office action, the Examiner states that “[a]s per Claims 2-10, Examiner withdraws his objections.” *Office Action page 2*. Based on the remainder of the paragraph, however, Applications believe that the Examiner meant to state that he “*maintains*” his objections to claims 2-10, and Applicants will proceed under that assumption.

#### Claims 2-10

Regarding claims 2-10, the Examiner states that “Applicant appears to indicate that his server is operable to [perform various functions]. {e.g. “receive at least two inventories” (Claim 2), “perform at least one transaction” (Claim 6, i.e. consolidation), “verify accuracy” (Claim 7), “receive at least two inventories” (Claims 8-10)}. ” *Office Action page 2*. The Examiner notes that “it has been generally accepted that configuring a computer in a functionally meaningful way changes the computer to be something beyond a general purpose computer” and suggests that Applicants use the phrase “configured to” in lieu of “operable to.” *Office Action pages 2-3*. While Applicants do not believe that the change is necessary, to facilitate prosecution, Applicants have amended claims 2 and 7-10.

Claims 3 and 9

Regarding claims 3 and 9, the Examiner states that his “lack of clarity resulted from Applicant’s introduction of ‘said indicia (further) include(s) other pertinent information concerning each said mortgage backed security...’ followed by ‘said transaction further includes other pertinent information concerning each said mortgage backed security.’” *Office Action page 3*. The Examiner states that he “was, and still is, unclear whether the ‘other pertinent information’ of the transaction is the same or different from the indicia [and] notes that Claim 2 also states ‘other pertinent information concerning each said mortgage backed security’ which adds to the potential confusion.” *Office Action page 3*. As such, the Examiner maintains the objections and asks Applicants to clarity the record and his/her claims. *Office Action page 3*.

While Applicants do not agree that claims 3 and 9 are unclear, to facilitate prosecution, Applicants have amended claims 3 and 9.

Claim 17

Applicants thank the Examiner for withdrawing the objection to claim 17.

New objections

In the current office action, the Examiner objected to new claims 22, 32, and 33 because of alleged informalities.

Claim 22

The Examiner suggests “said at least one inventory” in lieu of “said inventory”. To facilitate prosecution, Applicants have amended claim 22.

The Examiner contends that “each said mortgage backed security” lacks clear antecedent basis. To facilitate prosecution, Applicants have amended claim 22.

The Examiner suggests “said at least one transaction” for more clear antecedent basis. To facilitate prosecution, Applicants have amended claim 22.

The Examiner suggests “a consolidation of said mortgage-backed securities” for proper antecedent basis. To facilitate prosecution, Applicants have amended claim 22.

The Examiner claims that “said pools” and “the [] original face value” lack antecedent basis. To facilitate prosecution, Applicants have amended claim 22.

Claim 32

The Examiner suggests “different ones of said plurality of inventories” in lieu of “different ones of said inventories” for clarity. To facilitate prosecution, Applicants have amended claim 32.

The Examiner suggests “said like pools” and “an individual financial institution” for consistency of claim language. To facilitate prosecution, Applicants have amended claim 32.

The Examiner claims that “the original face value” lacks antecedent basis. To facilitate prosecution, Applicants have amended claim 32.

Claim 33

The Examiner claims that “each said mortgage backed security” lacks clear antecedent basis. To facilitate prosecution, Applicants have amended claim 33.

The Examiner suggests “said at least one transaction” in lieu of “said transaction” in two instances. To facilitate prosecution, Applicants have amended claim 33.

The Examiner suggests “a consolidation of said mortgage-backed securities” for proper antecedent basis. To facilitate prosecution, Applicants have amended claim 33.

The Examiner claims that “said pools” and “the [] original face value” lack antecedent basis. To facilitate prosecution, Applicants have amended claim 33.

***Claim Rejections - 35 USC § 112***

The Examiner has rejected claims 23-31 and 34-42 under 35 U.S.C. 112, second paragraph, as allegedly indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The Examiner claims that these added limitations create a plurality of global antecedent basis issues in addition to highlighting existing ambiguity issues. The Examiner points out the following examples:

Claim 23

The Examiner claims that “mortgage backed security” holds antecedent basis in claim 22 and should be “said each mortgage backed security.” To facilitate prosecution, Applicants have amended claims 23.

The Examiner claims that “said inventories” should be “said at least two inventories” in two instances due to the difference from “at least one inventory” of claim 22. To facilitate prosecution, Applicants have amended claim 23.

The Examiner claims that “said mortgage backed security pool” lacks clear antecedent basis in claim 22. To facilitate prosecution, Applicants have amended claim 23.

The Examiner suspects that Applicants intended “at least one of said different financial institutions” in lieu of “at least one of said financial institutions.” Applicants disagree, but to avoid any confusion and to facilitate prosecution, Applicants have amended claim 23 to read “at least one financial institution.”

**Claim 24**

The Examiner claims that “other pertinent information” and “an account holder” already hold antecedent basis in claim 23. Similar to claim 23, the Examiner suggests “said each mortgage backed security. To facilitate prosecution, Applicants have amended claim 24.

The Examiner questions whether “a Pool Number” is the same as or different from “a Pool Number” of claim 23. To avoid confusion and to facilitate prosecution, Applicants have amended claim 24.

The Examiner claims that “said inventories” should be “said at least two inventories.” To facilitate prosecution, Applicants have amended claim 24.

The Examiner questions whether “a plurality of mortgage backed securities” and “common pool numbers” are the same as or different from “a plurality of mortgage backed securities” and “common Pool Numbers” of claim 23. To avoid confusion and to facilitate prosecution, Applicants have amended claim 24.

The Examiner claims that “said transaction” should be “said at least one transaction.” To facilitate prosecution, Applicants have amended claim 24.

The Examiner claims that it is unclear to what “said pools” refers. To facilitate prosecution, Applicants have amended claim 24 to remove the word “said.”

The Examiner claims that “said account holders” should be “said different account holders.” Applicants disagree, but to avoid any confusion and to facilitate prosecution,

Applicants have amended claim 24 to change “at least one of said account holders” to “at least one account holder.”

The Examiner questions to which “other pertinent information” (i.e. that of claim 24 or claim 23) … said at least one transaction” is based on. Applicants have amended claim 24 to remove the phrase containing “other pertinent information” and thus, this rejection is rendered moot.

Claims 25-31

The Examiner claims that claims 25-31 have similar antecedent basis issues and ambiguities as noted above. While Applications disagree, to facilitate prosecution, Applicants have amended claims 25-31.

Claim 34

The Examiner claims that “mortgage backed security” holds antecedent basis in claim 33 and should be “said each mortgage backed security.” To facilitate prosecution, Applicants have amended claims 34.

The Examiner claims that “said inventories” should be “said at least two inventories” in two instances due to the difference from “at least one inventory” of claim 33. Applicants believe that there is only one instance of “said inventories” in claim 34. Thus, to facilitate prosecution, Applicants have amended the one instance of “said inventories” to read “said at least one inventory.”

The Examiner claims that “said transaction” should be “said at least one transaction.” To facilitate prosecution, Applicants have amended claim 34.

The Examiner suspects that Applicant intended “at least one of said different financial institutions” in lieu of “at least one of said financial institutions” for proper antecedent basis. Applicants disagree, but to avoid any confusion and to facilitate prosecution, Applicants have amended claim 34 to read “at least one financial institution.”

Claim 35

The Examiner claims that “other pertinent information” and “an account holder” already hold antecedent basis in claim 34. Similar to claim 34, the Examiner suggests “said each mortgage backed security.” To facilitate prosecution, Applicants have amended claims 35.

The Examiner questions whether “a Pool Number” is the same as or different from “a Pool Number” of claim 34. To avoid confusion and to facilitate prosecution, Applicants have amended claim 35.

The Examiner claims that “said inventories” should be “said at least two inventories.” To facilitate prosecution, Applicants have amended claim 35.

The Examiner questions whether “a plurality of mortgage backed securities” and “common pool numbers” are the same as or different from “a plurality of mortgage backed securities” and “common Pool Numbers” of claim 34. To avoid confusion and to facilitate prosecution, Applicants have amended claim 35.

The Examiner claims that it is unclear to what “said pools” refers. To facilitate prosecution, Applicants have amended claim 35 to remove the word “said.”

Next, the Examiner suspects that “said account holders” should be “said different account holders.” Applicants disagree, but to avoid any confusion and to facilitate prosecution, Applicants have amended claim 35 to change “at least one of said account holders” to “at least one account holder.”

The Examiner claims that “said transaction” should be “said at least one transaction” and “mortgage backed securities” should be preceded by “said” and “the [] original face value” lacks clear antecedent basis. To facilitate prosecution, Applicants have amended claim 35.

#### Claims 36-42

The Examiner claims that claims 36-42 have similar antecedent basis issues and ambiguities as noted above. While Applicants disagree, to facilitate prosecution, Applicants have amended claims 36-42.

#### *Double Patenting*

The Examiner has provisionally rejected claims 8 and 19, on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claim 4 of copending Application No. 11/129,334. *Office Action page 12.* In Applicants’ response to the previous office action, Applicants requested that the Examiner hold this rejection in abeyance until allowable matter is

identified. The Examiner claims that Applicants were not responsive and maintains the rejection. *Office Action page 4.*

As pointed out by the Examiner, the Double Patenting rejection is *provisional*. The Double Patenting rejection is provisional because neither of claims 8 or 19 in the present application, nor claim 4 in copending Application No. 11/129,334, have been patented or even allowed. It is unclear to Applicants whether the Examiner is requesting that Applicants file a Terminal Disclaimer at this time or whether he is simply stating that a Terminal Disclaimer will be required in this application if and when copending Application No. 11/129,334 issues with claim 4 as it currently stands. If the former, then Applicants request that the Examiner hold this requirement in abeyance until it is determined whether claim 4 in copending Application No. 11/129,334 ultimately issues as a patent.

Since the Double Patenting rejection is provisional, Applicants do not believe that they are required to submit a Terminal Disclaimer at this time, and do not believe that this constitutes unresponsiveness on Applicants' part.

***Claim Rejections - 35 USC § 101***

The Examiner has rejected claims 33-42 under 35 U.S.C. 101 alleging that the claimed invention is directed to non-statutory subject matter.

The Examiner asserts that the method steps could be performed by merely mental steps and that Applicants do not adequately tie their steps to another statutory class to qualify as a § 101 statutory process. The Examiner claims that Applicants' recitation of his/her method as "computer-based" in the preamble is inadequate as a mere nominal recitation of structure.

Applicants disagree. The Examiner's assertion that structure is required to carry out the steps of a method claim is inconsistent with current case law. *AT&T Corp. v. Excel Communications*, 172 F.3d 1352 (Fed.Cir. 1999). In *AT&T*, the court rejected the notion that process claims could not reflect patentable subject matter if they did not recite physical limitations. *Id.* at 1395 (stating that defendant's argument "that because the process claims at issue lack physical limitations set forth in the patent, the claims are not patentable subject matter... reflects a misunderstanding of our case law. The cases cited by [defendant] for this

proposition involved machine claims written in means-plus-function language. Apparatus claims written in this manner require supporting structure in the written description that corresponds to the claimed ‘means’ elements. Since the claims at issue in this case are directed to a process in the first instance, a structural inquiry is unnecessary.”) (Internal quotations omitted).

Therefore, Applicants asserts that claims 33-42 are directed to statutory subject matter and request reconsideration and withdrawal of the rejection.

***Claim Rejections - 35 USC § 103***

The Examiner has rejected claims 1-4, 6, 7, 11-15, 17, 18, 22-25, 27, 28, 32-36, 38 and 39 under 35 U.S.C. 103(a) as being unpatentable over Singh *et al* [2004/0167824] in view of Kochansky *et al* [2003/0187777]. *Office Action page 15*. The Examiner has repeated his arguments from the October 25, 2007 office action and has provided his reasons for disagreeing with Applicants’ previous arguments. *Office Action pages 15 and 5*.

Applicants reiterate their responses to the October 25, 2007 office action. In addition, Applicants respond as follows to the Examiner’s rationale for disagreeing with Applicants’ previous responses.

**Claim 12**

The Examiner disagrees with Applicants’ assertion that the cited portion of Singh “does not teach anything about an inventory or indicia...” and “does not provide information about any characteristics of each security.” *Office Action page 5*. The Examiner maintains his position that “the number of units of a product available is reasonably interpreted as an ‘indicia associated with each said...security’ and an order is reasonably interpreted as a submitted ‘inventory’ to be traded.” *Office Action page 5*. The Examiner also asserts that Applicants’ use of “indicia” is not limited to particular characteristics of the units under current claim language. *Office Action page 5*.

Applicants respectfully maintain their disagreement with the Examiner’s position. In the present invention, each inventory contains specific individual MBS pools (“Each workstation 54 belongs to an individual financial institution having an inventory of MBS pools.” *Specification*

*at paragraph 19).* Each MBS pool is a unique and individual entry (“Entry Number”, is simply an index of the *particular* MBS pool in the financial institution’s inventory.” *Specification at paragraph 21* (emphasis added)). The unique and individual MBS pools from various inventories are consolidated based on indicia or common generic trade characteristics (“the inventories are combined into a single table and sorted so that like pools can be grouped and eventually consolidated.” *Specification at paragraph 29.* “Entry Numbers 1, 5, 2, and 6 … have common generic trade characteristics…and are therefore potential candidates for redistribution.” *Specification at paragraph 31).*

Since each MBS pool is a *unique* entry having indicia or common generic trade characteristics, it follows that “the number of units of a product” cannot possibly be an indicia of the MBS pool, since there is only one of each MBS pool. To illustrate this concept, imagine a room with 5 people - Andy, Betty, Carol, Dan, and Erin. Each of them is a unique individual with a unique name. Each of them would have countless “indicia” or “characteristics” which could be used to group them with other people, such as gender, age, height, hair color, occupation, marital status, etc. However, the “number of units” of a particular person is not an “indicia” or “characteristic.” In other words, someone could describe one of the people in the room (let’s say Andy) by gender (male), by hair color (brown), of being a certain height (5’11”), etc., and group him with other people with similar characteristics, but they could not describe Andy as “7 Andys.” Doing so simply wouldn’t make sense – there is only one Andy. Likewise, each MBS pool is unique and cannot be described by “a number of products.”

Thus, the cited portion of Singh does not teach the element of claim 12.

The Examiner also disagrees with Applicants’ assertion that the cited portion of Singh does not teach “performing at least one transaction based on an analysis of said at least one inventory.” The Examiner maintains that paragraph 55 of Singh “teaches its administrator ‘match[ing] the orders (i.e. inventories) to determine matched orders and unmatched orders, [and] swap[ping] matched orders,’” and claims that “[s]urely determining matched and unmatched orders requires ‘analysis’ and the actual swapping of orders is reasonably interpreted as a ‘transaction’ performed.” *Office Action page 5.*

As a threshold matter, Applicants assert that “orders” as used in Singh are not the same as “inventories” as used in the present invention. As explained above, “inventories” of the present invention are collections of individual MBS pools, which have certain indicia associated with them, provided by a financial institution. In contrast, “orders” of Singh appear to be requests to “buy and/or sell a plurality of products, each order being a unilateral order from one of the participants identifying a number of units of one of the products to buy or sell.” *Singh paragraph 11*. Therefore, the “order” or request to buy/sell discussed in Singh does not in any way teach the “inventory” of the present invention. In addition, the only criteria associated with the “order” of Singh is “a number of units of one of the products to buy or sell.” *Singh paragraph 11*. As discussed above, “number of units” cannot be considered to be an “indicia” of the MBS pools, since each MBS pool is unique.

In addition, Applicants disagree that “performing at least one transaction based on an analysis of said at least one inventory” is taught by “match[ing] the orders … to determine matched orders and unmatched orders, [and] swap[ping] matched orders.” As explained above, the “order” of Singh does not teach the “inventory” of the present invention. Further, the “analysis” of the present invention requires the matching of certain “indicia” of the MBS pools. Since indicia are not taught by the cited portions of Singh, there can be no indicia on which to base an analysis. So whatever method Singh may use to “match” his “orders” it is not an analysis of indicia as disclosed in the present invention.

The Examiner further defends his position that “receiving an order is reasonably interpreted as receiving an ‘inventory’ of items to be traded” by reiterating his argument that paragraph 6 of Singh specifically deals with “adjusting the composition of inventory.” *Office Action page 6*. While Singh does use the word “inventory” in the Background of the Invention section of his patent, Singh is not teaching that the “orders” he describes later are the same as the “inventories” described in the Background section. In the Background section, Singh simply states that “a seller may be more interested in adjusting the composition of inventory than in receiving monetary consideration for products in the inventory.” *Singh paragraph 6*. Neither paragraph 6 nor paragraph 11 (which the Examiner cited for Singh’s use of “order”) teach submitting an inventory in lieu of an order. In fact, in the previous office action, the Examiner

specifically stated that “Singh … does not specifically disclose receiving at least one inventory” but claimed that “[i]f not concerned of others knowing the content of one’s portfolio, it would be more efficient to submit actual inventories for trading in lieu of ‘orders.’” Applicants are unclear on what basis the Examiner is now claiming that “orders” are the same as “inventory,” when in the previous office action the Examiner succinctly stated that they are not the same.

The Examiner responds to Applicants’ assertion, in the previous response to office action, that the Examiner “provides no evidence to support his theory that the players would not be concerned with others knowing the content of one’s portfolio” by simply stating that the “Examiner was merely providing rationale, for modifying Singh (‘824), to include explicitly submitting one’s whole portfolio of inventory to a trading entity.” *Office Action page 6*. The Examiner continues by claiming that “[s]urely one of skill in the art would appreciate market impact scenarios and concerns that accompany them in avoidance of swaying a market for a product being traded.” *Office Action page 6*.

The Examiner still fails to provide evidence that the players would not be concerned with others knowing the content of one’s portfolio. As stated in the previous office action, the Examiner’s argument that an inventory can be substituted for an order is premised on the assumption that the players would not be concerned with others knowing the content on one’s portfolio. The Examiner, however, has provided no evidence to support this premise. The Examiner’s explanation above is not a substitute for such evidence.

The Examiner responds to Applicants’ assertion, in the previous response to office action, that the Examiner “does not explain how it would have been obvious for one of ordinary skill in the art to modify Singh’s system to handle inventories” by stating that the “Examiner asserts that one of skill in the art would appreciate the substitution of an actual ‘inventory’ in lieu of a simple order.” *Office Action page 6*. The Examiner states that “Singh (‘824) teaches the submission of an order with instructions (i.e. identifying a number of units…of products…setting swap prices for the products {see paragraph 11}) [and] [i]n this vein, the ‘technical ability existed to substitute for trade a portfolio/inventory of tradeable objects not unlike the submission of a simple order of one tradeable object and the result of the substitution is predictable.’” *Office Action page 6*.

The “order” described in paragraph 11 of Singh is simply “a unilateral order from one of the participants identifying a number of units of one of the products to buy or sell.”<sup>1</sup> It tells what products the purchaser wants to buy or sell and how many of those items he wants to buy or sell. Without knowing the ultimate goal of every single participant, there is no way that submitting the “inventory” would work in Singh. Applicants note that the Examiner is now using the phrase “inventory of tradable objects” and comparing it to “simple order of one tradeable object,” presumably to give the impression that the only difference is that the former has more than one product and the latter has only one. The “inventory” described in paragraph 6 of Singh appears to be referring to a participant’s *entire inventory* of all products (not just those particular products he wants to sell) and the Examiner does not explain why it would be obvious to use an “inventory” (which does not specify which or how many products the participant wants to buy or which or how many products the participant wants to sell), with the “order” of Singh which does specify which and how many products the participant wants to buy or sell.

The Examiner responds to Applicants’ assertion, in the previous response to office action, that “the administrator would have no way of knowing....what the participant wanted to reduce and what the participant wanted to gain” by reiterating that paragraph 6 of Singh teaches sellers as “interested in adjusting the composition of inventory” and asserting that the concept of a “unilateral order” at paragraph 11 of Singh sets “constrained net activity” for the administrator to follow. *Office Action page 7.*

While Singh indicates that the motivation behind placing an order is to “adjust the composition of inventory” this in no way explains how the system of Singh would “know” the manner by which the participant would want to adjust the composition of the inventory. Without this knowledge (which the system could not have without the “order”), the inventory would be useless. To illustrate, imagine you are the “system” of Singh. You receive an inventory indicating that a “participant” has 20 hi-lighters, 100 pencils, 200 pens, 200 notebooks, and 500

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<sup>1</sup> Applicants note that “setting swap prices for the products” is not part of the “order.” A careful reading of paragraph 11 of Singh shows that “setting swap prices for the products” is part of the overall “method of the invention,” and not part of the “order.”

reams of paper. What would you do with this inventory? Without knowing what the participant *wants* his inventory to be, what would you buy and/or sell from his inventory? The “barter” or “swap” system of Singh can only work with instructions (an “order”) telling the system what it wants. Unlike the present invention, the system of Singh cannot work simply with the submission of inventories.

For at least the reasons stated above, Applicants respectfully request reconsideration of the above referenced rejection.

Claims 1-11 and 13-21

Claims 13-21 depend from independent claim 12. Therefore, it is respectfully submitted that, for at least the reasons set forth above, claims 13-21 are not rendered obvious by the art cited by the Examiner. In addition, claims 1-11 encompass, and are rejected based on, similar elements as claim 12. Therefore, for at least the reasons set forth above regarding claim 12, it is respectfully submitted that claims 1-11 are not rendered obvious by the art cited by the Examiner. Thus, Applicants respectfully request reconsideration of the rejections of all of the claims.

### CONCLUSION

In view of the above, each of the presently pending claims is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims, and to pass this application to issue. The Examiner is encouraged to contact the undersigned at 202-942-6567 should any additional information be necessary for allowance.

Respectfully submitted,



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